

**EMERGENCY HOUSING REPAIR FUND
APPLICATION PACKAGE**

**SMALL CITIES COMMUNITY DEVELOPMENT
BLOCK GRANT PROGRAM**

**State of New Jersey
James E. McGreevey, Governor**

**Department of Community Affairs
Susan Bass Levin, Commissioner
N.J. Department of Community Affairs
Small Cities Community Development Block Grant Program**

EMERGENCY HOUSING REPAIR FUND

PROGRAM DESCRIPTION

OVERVIEW

The Emergency Housing Repair Fund (EHRF) may be used by any eligible Small Cities county or municipality in the State to assist low and moderate income homeowners who must correct housing deficiencies. The State Small Cities Program will provide funding on a case by case basis. Maximum funding for each repair approved may not exceed \$5,000, unless compelling reasons to exceed that amount are presented by the municipality or county and accepted by the Department.

COUNTY/MUNICIPALITY ELIGIBILITY

A community will be deemed eligible for funding through the Small Cities Community Development Block Grant Program under federal regulation 24 CFR 570.201(f)(2)(iii):

“Basic Eligible Activities”
“Interim Assistance”

“In order to alleviate emergency conditions threatening the public health and safety in areas where the chief executive officer of the recipient determines that such an emergency condition exists and requires immediate resolution, CDBG funds may be used for ... the improvement of private properties.”

EHRF funding is available only if no other funding source is available to assist the homeowner. Other funding sources include, but are not limited to, a current Small Cities Housing Rehabilitation grant, a revolving loan fund, other public agencies, or commercial lenders.

Applicants should take particular care in documenting the condition to be corrected. The condition must be of recent origin and a qualified health or construction official must certify that if the condition is not addressed the unit is now or will soon become uninhabitable.

Only low and moderate income homeowners may be assisted. Income determination is based on the total household income of all adult occupants and owners (including non-resident owners). Applications for assistance may be submitted only by eligible units of local government on behalf of local resident homeowners.

Income requirements for this program are those established by HUD for each county. Homeowners must verify that the total gross annual income of the entire household does not exceed 80% of the county median for the household size (See income chart.)

Should repair costs exceed \$5,000, the EHRF may be used only if the homeowner can arrange additional funding to pay the balance. The homeowner must provide written verification concerning such additional funding.

Homeowners must sign a lien for the amount of the repair cost funded by the EHRF. The lien will be reduced by 1/5 per year and fully removed after five years. Any money recovered by the locality must be deposited into a revolving loan fund for future housing rehabilitation activities. If the repair is covered by the homeowner's insurance policy, any settlement ultimately received must likewise be assigned to the locality.

The decision as to how a particular emergency condition will be corrected will be decided in consultation with Small Cities Program staff. For example, whether to replace or repair a defective heating system will be based on analysis of cost and benefit. In general, repair or replacement would depend on which is least expensive, although consideration may be given to the expected life of the repair or replacement.

APPLICATION REQUIREMENTS

1. In order to receive EHRF funding, the governing body of the locality must hold a public hearing and pass a resolution requesting a grant from the Small Cities Community Development Block Grant Program. (See Sample Resolution)
2. The locality must obtain a complete and signed application from the homeowner applying for assistance including third party verification of all statements made. (See Application) Homeowners must meet the following requirements:
 - A. Income - Homeowners must meet HUD low/moderate income standards. Income is based on total household income of all adult members of the household 18 or older, excluding full-time students under 21. Certification that the homeowner is income eligible must be presented to the State Small Cities Program along with the completed application. Income documentation consists of:
 - A copy of the latest federal income tax return;
 - Four weeks of current pay stubs for those employed;
 - Current award letter or other official notification of grant, pension, annuity, or other benefit payment from any source (e.g. Social Security, SSI, Veterans Benefits, Union Pension, etc.)

- Official documentation of child support and/or alimony payments.
- Written third party verification of any other income received.

Income verification of all renters residing in the house, whether in the same unit as the owner or in a separate apartment, is required. Assistance will only be approved if more than 50% of households living in the house are income eligible.

If ownership of the property is shared with others who do not reside in the unit, income verification for each owner is required. Assistance will only be granted if more than 50% of owners are income eligible.

- B. Proof of Ownership - The Homeowner must submit a copy of the Deed.
 - C. Proof of Homeowner's Insurance - If the property is insured.
 - D. Proof of Residency - The Homeowner must verify that he or she is a resident of the property. (e.g. Voter Registration, Driver's License, Utility Bill.)
3. Homeowners are not eligible for assistance if they have access to ample assets to make the necessary repairs. The Homeowner must report all assets on the application form and must include third party verification of the amount available to them.
 4. The locality must verify that the problem is an emergency. Documentation of an emergency condition shall consist of a written description of the problem from the local construction or health official certifying that the problem is of recent origin and poses a serious and imminent threat to the health and safety of the building occupants and remedies may not be deferred.
 5. Two written estimates (minimum) from qualified contractors, based upon the construction/health officials certification must be included with the Homeowner's application.
 6. Homeowners who have received EHRF assistance are not eligible to apply for additional assistance until the 5-year forgivable lien period has expired.

EMERGENCY REPAIR/REPLACEMENT EXAMPLES

1. Heating System Break-Down: A homeowner's heating system breaks down and requires repair or replacement.
2. Water System Break-Down:
 - A. The well serving the unit must be replaced/repared to maintain a source of water.
 - B. The well serving the unit is contaminated and a new system must be installed to maintain a clean, safe source of water.
 - C. The lateral from the house to the utility must be replaced to maintain a supply of water.
3. Roof Leaks: A serious roof problem is discovered that severely threatens the maintenance of the house.
4. Septic Repairs: The septic system is malfunctioning causing a serious health problem.
5. Electrical Problems: An old or inadequate electrical system is found that poses a fire threat to the home.
6. Plumbing Problems: The plumbing system in the home needs immediate repair to avoid serious water damage to the structure.

EMERGENCY HOUSING REPAIR FUND THE APPLICATION PROCESS

1. A homeowner with a potential emergency housing problem contacts the locality. The locality determines that:
 - The problem may be an emergency - real or potential;
 - The homeowner may be income-eligible;
 - The cost of the repair/remedy may be less than \$5,000.
2. The locality holds a public hearing and passes a resolution authorizing an application to the Emergency Housing Repair Program. (See sample Resolution)
3. The local representative proceeds with obtaining an application and required documentation from the homeowner. (See EHRF Checklist and Application)
4. The local representative determines and certifies that the homeowner is income-eligible. (See income certification form)
5. The local health or construction official performs an inspection of the unit and certifies that the problem is an emergency. (See Inspection Certification Form)
6. The homeowner obtains at least two written estimates from licensed contractors.
7. The material is assembled and sent by the locality to the Small Cities Program for approval.
8. The Small Cities Program sends a letter approving the application and instructing the locality to incur costs.
9. After construction work is completed, the locality sends the Small Cities Program a copy of the invoice for the repairs and an inspection report approving the construction work.
10. The Small Cities Program sends the locality a copy of a letter agreements and a State payment voucher for the repairs.
11. The locality signs the letter agreements and the State payment voucher and sends them back to the Small Cities Program.
12. The locality receives payment from the State and disburses proceeds to cover costs incurred and approved.

NOTE: The locality is required to file a lien on the property. Sample copies of the lien and mortgage note are included with this package.

EMERGENCY HOUSING REPAIR FUND
HUD MODERATE INCOME LIMITS
(AS OF 1/10/01)

COUNTY	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
ATLANTIC	\$29,000	\$33,150	\$37,300	\$41,450	\$44,750	\$48,050
BERGEN	\$38,100	\$43,500	\$48,950	\$54,400	\$58,750	\$63,100
BURLINGTON	\$35,450	\$40,500	\$45,600	\$50,650	\$54,700	\$58,750
CAMDEN	\$35,450	\$40,500	\$45,600	\$50,650	\$54,700	\$58,750
CAPE MAY	\$29,000	\$33,150	\$37,300	\$41,450	\$44,750	\$48,050
CUMBERLAND	\$28,100	\$32,150	\$36,150	\$40,150	\$43,350	\$46,600
GLOUCESTER	\$35,450	\$40,500	\$45,600	\$50,650	\$54,700	\$58,750
HUNTERDON	\$38,100	\$43,500	\$48,950	\$54,400	\$58,750	\$63,100
MERCER	\$38,100	\$43,500	\$48,950	\$54,400	\$58,750	\$63,100
MONMOUTH	\$38,100	\$43,500	\$48,950	\$54,400	\$58,750	\$63,100
MORRIS	\$38,100	\$43,500	\$48,950	\$54,400	\$58,750	\$63,100
PASSAIC	\$38,100	\$43,500	\$48,950	\$54,400	\$58,750	\$63,100
SALEM	\$35,450	\$40,500	\$45,600	\$50,650	\$54,700	\$58,750
SOMERSET	\$38,100	\$43,500	\$48,950	\$54,400	\$58,750	\$63,100
SUSSEX	\$38,100	\$43,500	\$48,950	\$54,400	\$58,750	\$63,100
WARREN	\$38,100	\$43,500	\$48,950	\$54,400	\$58,750	\$63,100

Emergency Housing Repair Fund

Application Checklist

The following documents MUST be included when applying for Emergency Housing Repair Fund assistance. Please include a copy of the checklist with the application material submitted to the Small Cities Program.

Homeowner's Name

Municipality/County

_____ Application Form

_____ Income Documentation and Certification

_____ Property Deed

_____ Insurance (If the property is insured)

_____ Proof of Residency _____

_____ Resolution from Municipality/County

_____ Inspector's Report and Certification of Emergency

_____ Two Written Estimates \$ _____ \$ _____

_____ Other - Please Describe Below

**N.J. Department of Community Affairs
Small Cities Community Development Block Grant Program
EMERGENCY HOUSING REPAIR FUND**

APPLICATION INSTRUCTIONS

Please fill out the enclosed application completely. Attach the following documentation to the application.

1. A copy of your Property Deed.
2. A copy of your homeowner's insurance policy (Current).
3. Evidence that you reside on the property (e.g. phone bill, water bill or other utility bill).
4. Income verification for each person listed on the deed and for each adult household member over 18 (excluding full-time college students under 21) including:
 - A. A Copy of your latest Federal Income Tax Return;
 - B. Four weeks of current paystubs (four if paid weekly, two if paid bi-weekly);
 - C. A Current benefit or award letter from any source (e.g. Pension Plans, Social Security, SSI, SSD, Worker's Compensation, local or county welfare, etc.);
 - D. Verification of any cash assets (e.g. Checking or Savings Accounts or other investment income); and/or
 - E. Proof of any other income such as rental income, child support, alimony, etc.
5. Documentation from the local housing/health official describing the problem and certifying that the problem is emergency in nature.
6. A minimum of two written estimates from licensed contractors. (NOTE: The estimates must be for correction of the emergency problem as documented by the local housing/health inspector.)

A LIEN WILL BE PLACED ON THE PROPERTY FOR THE COST OF REPAIRS IF IT EXCEEDS \$1,000. THE LIEN WILL BE REDUCED BY 1/5 PER YEAR AND FORGIVEN AFTER 5 YEARS. FINANCIAL ASSISTANCE MAY NOT EXCEED \$5,000.

**N.J. Department of Community Affairs
Small Cities Community Development Block Grant Program
EMERGENCY HOUSING REPAIR FUND**

APPLICATION

Head of Household

Social Security #

() _____
Home Telephone Number

() _____
Work Telephone Number

ADULT HOUSEHOLD MEMBERS

	<u>Name</u>	<u>Income Source</u>	<u>Monthly Gross</u>
1.	_____	_____	\$ _____
2.	_____	_____	\$ _____
3.	_____	_____	\$ _____
4.	_____	_____	\$ _____

TOTAL GROSS MONTHLY HOUSEHOLD INCOME \$ _____

Number of Minors in Household: _____

NON-RESIDENT PERSONS LISTED ON THE DEED

	<u>Name</u>	<u>Income</u>	<u>Monthly Gross</u>
1.	_____	_____	\$ _____
2.	_____	_____	\$ _____

ADDRESS OF RESIDENCE

Street: _____

Municipality: _____

Mailing Address: _____

EMERGENCY HOUSING REPAIR FUND

BRIEFLY DESCRIBE THE EMERGENCY REPAIR OR REPLACEMENT WORK NEEDED IN YOUR HOME, INCLUDING WHEN YOU BECAME AWARE OF THE PROBLEM, HOW IT CAME ABOUT.

DO YOU HAVE ANY CASH ASSETS AVAILABLE THAT COULD BE USED TO MAKE THE NECESSARY REPAIRS? YES _____ NO _____
(If yes, please include a written explanation with this application.)

ARE YOU ELIGIBLE FOR FINANCIAL ASSISTANCE INCLUDING GRANTS OR LOANS FROM ANY OTHER SOURCE? YES _____ NO _____
(Please include written verification of eligibility or ineligibility from other agencies or financial institutions that you have contacted for financial assistance for this emergency.)

Referral Information

County or Municipality

Contact Person

Mailing Address

() _____
Phone Number

City, State & Zip Code

I hereby declare that the above information is true to the best of my knowledge and authorize release of information from any source.

Signature of Applicant

Date__

EMERGENCY HOUSING REPAIR FUND RESOLUTION

Whereas, the _____
desires to apply for a Small Cities Program Emergency Housing Repair Fund grant from the
New Jersey Department of Community Affairs on behalf of eligible low and moderate income
homeowners

Be it therefore RESOLVED, that the _____
does hereby authorize the application for such a grant; and, upon receipt of the grant
agreement from the New Jersey Department of Community Affairs, does further authorize the
execution of the grant agreement; and, also, upon receipt of the fully executed agreement from
the Department, does further authorize the expenditure of funds pursuant to the terms of said
agreement between _____ and the New Jersey
Department of Community Affairs.

Be it further RESOLVED, that the persons whose names, titles, and signatures appear below
are authorized to sign the application, and that they or their successors in said titles are
authorized to sign the agreement, and any other documents necessary in connection therewith:

(Signature)

(Signature)

(Type or Print Name)

(Type or Print Name)

(Title)

(Title)

CERTIFICATION:

I, _____ the _____
(Name of Government Clerk) (Title of Position - Government Clerk)

of _____

hereby certify that at a meeting of the Governing Body held on _____ the above
RESOLUTION was duly adopted.

AFFIX GOV'T
SEAL

(Signature of Government Clerk)

BUDGETARY REQUIREMENTS FOR UTILIZATION OF GRANT FUNDS FROM SMALL CITIES EMERGENCY HOUSING REPAIR FUND

All State funds allocated to a municipality must be utilized by the appropriate budgetary procedure and approved by the Division of Local Government Services.

Listed below are the budgetary requirements and procedures to be followed for utilization of grant funds from this Program in either the municipality's temporary budget (prior to the final adoption of the annual budget) or the annual budget as adopted. These requirements must be met prior to the commitment and/or expenditure of funds from this program. Failure to obtain approval from the Division of Local Government Services will constitute an expenditure without an appropriation which must be raised as a deferred charge in next year's budget.

Utilization of grant funds prior to adoption of budget

A municipality must pass a resolution making an emergency temporary appropriation for the expenditure of the grant funds with a specific statement in the resolution that the appropriation will be included in the budget as finally adopted.

The grant funds from this Program must then be anticipated in the budget to be adopted as Miscellaneous revenue - Section D: Department of Community Affairs Revenue Offset with Appropriations. A resolution by the governing body is not required for grants awarded by the Department of Community Affairs.

Utilization of grant funds after adoption of municipal budget pursuant to NJS 40A:4-87

A municipality must adopt a resolution requesting approval from the Director of Local Government Services for insertion of the revenue from this grant, which was not known at the time of adoption of the budget, and approval for insertion of an appropriation equal to the amount of the revenue. Two certified copies of the resolution must be filed with the Division and supported by a copy of the grant award from the Small Cities Program. The revenue and the appropriation should be entitled "Department of Community Affairs, Small Cities Emergency Housing Repair Fund" for budgetary purposes.

In an effort to provide immediate availability of funds through timely approval of the Chapter 159 resolution by the Division of Local Government Services, the municipality will be permitted to anticipate an estimated amount not to exceed the initial grant amount agreed upon by the Small Cities Emergency Housing Repair Fund staff. However, it is expected that the municipality will cancel any unexpended balance of the grant. Conversely, the municipality will be required to file an additional Chapter 159 should the actual amount exceed the original estimate.

If there are any questions regarding the budgeting and accounting for grant funds from this Program, please contact the Division of Local Government Services at 609-292-4806.

**EMERGENCY HOUSING REPAIR FUND
INCOME CERTIFICATION FORM**

Name(s) of Homeowner(s)*: _____

Property Address: _____

Number of residents: _____

Sources of Income:

(For All Household Members) Monthly Gross Income Annual Gross Amount

_____ Salary	_____	_____
_____ Social Security	_____	_____
_____ Pension	_____	_____
_____ Welfare	_____	_____
_____ Disability	_____	_____
_____ Workmen's Comp	_____	_____
_____ Alimony	_____	_____
_____ Child Support	_____	_____
_____ Interest Income	_____	_____
_____ Other	_____	_____
_____ Rental Income	_____	_____

TOTAL ANNUAL HOUSEHOLD GROSS INCOME _____
(For All Household Members)

HUD GROSS INCOME LIMIT FOR HOUSEHOLD _____
(From HUD Income Guidelines)

I Certify that the above-named household's income does not exceed low/moderate gross income limits as established by HUD and the household is income-eligible to receive Emergency Housing Repair Fund assistance.

Signature and title of Certifying Official

Date

Note: To calculate salary income; if paid weekly: Weekly Gross Salary X 52 = Annual Gross Income; If paid bi-weekly, Bi-Weekly Gross Income x 26= Annual Gross Income; If paid twice monthly, Twice Monthly Gross Income x 24 = Gross Annual Income.

Non-Resident homeowner income must be determined separately.

**EMERGENCY HOUSING REPAIR FUND
INSPECTION REPORT AND EMERGENCY CERTIFICATION**

Name of Locality: _____ Date: _____

Homeowner's Name: _____

Address of Unit Inspected: _____

Inspection Report: Describe the emergency problem including a description of the present condition and the proposed remedy to correct the deficiency:

I certify that the condition described above constitutes a serious threat to the health and safety of the building occupants and requires an immediate resolution in order for the unit to remain habitable.

Signature

Date

Title of Certifying Official

**NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS
SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
EMERGENCY HOUSING REPAIR FUND**

This grant agreement is made by and between the **New Jersey Department of Community Affairs** (hereafter the Department) and the _____ (hereafter the Grantee) pursuant to the authority of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383, as amended.) The Grantee's submissions for Title I assistance, HUD regulations at 24 CFR Part 570, and HUD regulations at 24 CFR Part 58 (as now in effect and as may be amended), which are incorporated by reference, together with any special conditions which are hereto attached, constitute part of the Agreement.

In reliance upon and in consideration of the mutual representations and obligations hereunder, the Department and the Grantee agree as follows:

The obligations and utilization of the funding assistance provided are subject to the requirements of the Department as set forth in its Application Guide for the Emergency Housing Repair Fund.

The Grantee agrees to accept responsibility for adherence to the Agreement by subrecipient entities to which it makes funding assistance hereunder available.

The Department or the Grantee may terminate this Agreement for good cause including failure to comply with the conditions of this Grant Agreement by providing written notification to the other party 30 days prior to termination. The notification shall include the reasons for the termination together with the effective date.

The Grantee agrees to indemnify the State of New Jersey from any and all liability, loss or damage to persons or property that it may sustain as a result of claims, demands, costs or judgments arising from the Grantee's acceptance of funding. The Grantee's liability under this agreement shall continue after termination of this agreement with respect to any liability, loss, expense or damage resulting from acts occurring prior to termination.

The Grantee shall use up to \$_____ of the Community Development Block Grant funds provided under this Grant Agreement to (describe activity) on behalf of (Name of Homeowner) at his/her/their residence located at (Address of Unit).

This/These are eligible activities under 24 CFR Part 570.201 (f) (2) (iii).

The Grantee agrees to report to the Department any funds which may be recaptured from this grant award. The Grantee further agrees to establish and administer a revolving loan fund for future emergency housing repairs or return all recaptured funds to the Department.

The Grantee agrees to report all revolving loan fund activity to the Department on an annual basis. The Grantee further agrees to return revolving loan funds to the Department if there is no loan activity within a two year period from the date that recaptured funds are received by the Grantee.

FOR GRANTEE USE ONLY:

ACCEPTED AND AGREED:

By _____
Title _____
(Chief Executive Officer)

ATTEST: (Affix Seal)

_____ Date _____
(Secretary to the Board/Governmental Clerk)

FOR STATE USE ONLY:

COUNTERSIGNED:
The New Jersey Department of Community Affairs
Division of Housing and Community Resources

By _____ Date _____
Keith A. Jones, Director

APPROVED FOR SUFFICIENCY OF FUNDS:*

I attest that sufficient funds have been appropriated by the State Legislature to cover the current State fiscal year portion of the grant.

_____ Date _____
DEPARTMENT GRANT APPROVAL OFFICER

*** THIS GRANT AGREEMENT WILL BE EXECUTED CONTINGENT UPON THE APPROVAL OF THE DEPARTMENT GRANT APPROVAL OFFICER.**

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS
SMALL CITIES CDBG PROGRAM
EMERGENCY HOUSING REPAIR PROGRAM
(SAMPLE DOCUMENT)

This Mortgage Note is made on _____, 19____

Between the Borrower(s)

whose address is

and the Lender

whose address is

If more than one Borrower signs this Note, the word "I" shall mean each Borrower named above. The word "Lender" shall mean the original Lender and anyone else who takes this Note by transfer of assignment.

PROMISE TO PAY: In return for a loan that I received, I promise to pay \$ _____ (the Principal) with no interest in its entirety or that portion still owing subject to the forgiveness terms of this Note upon vacating or the transfer of title of this property prior to the end of the fifth year from the date the emergency repair made to the property is certified to be in standard condition after signing the Note.

MORTGAGE TO SECURE PAYMENT: The Lender has given a Mortgage dated _____, 19____, to protect the Lender if the promises made in this Note are not kept. I agree to keep all promises made in the Mortgage covering property (the Property) I own located at _____ in the _____ of _____ in the County of _____, and the State of New Jersey. All terms of the Mortgage are made part of this Note.

TERMS AND CONDITIONS: The Borrower has received this loan for the purpose of making emergency repairs to the Property in order to abate a certified health and safety code violation(s).

The five year term shall begin on the date the Borrower receives proper certification that the emergency repair was executed as per attached certification of satisfactory condition signed by _____ (Inspector) on _____, 19____ and end on the date five years after _____, 19____.

This Mortgage Note will be due and payable at the time within the five year term that the Borrower vacates or transfers title to the Property.

Twenty percent of the total Loan amount will be forgiven each year on the anniversary date of certification of satisfactory condition. The Mortgage Note amount will be completely forgiven at the end of the five year term.

In the event of the death of all Borrowers prior to the end of the five year term, the Mortgage Note shall be due and payable subject to the forgiveness terms unless the beneficiaries of the Borrowers are income eligible and personally occupy the Property, in which event the Mortgage Note shall be due and payable in the event that the beneficiaries of the Borrower vacate or transfer title to the Property within the same five year term.

DEFAULT: If I fail to keep any other promise I make in this Note or in the Mortgage, the Lender may declare that I am in default on the Mortgage and this Note. Upon default, I must immediately pay the full amount of the unpaid principal, other amounts due on the Mortgage and this Note and the Lender's costs of collection and reasonable attorney's fees.

WAIVERS: I give up the right to require the Lender to do the following: (a) to demand payment (called "presentment"); (b) to notify me of nonpayment (called "notice of dishonor"); and (c) to obtain an official certified statement showing nonpayment (called a "protest"). The Lender may exercise any right under this Note, the Mortgage or under any law, even if Lender has delayed in exercising that right or has agreed in an earlier instance not to exercise that right. Lender does not waive its right to declare that I am in default by making payments or incurring expenses on my behalf.

LIABILITY OF BORROWER(S): The Lender may enforce any of the provisions of this Note against any one or more of the Borrowers who sign this Note.

CHANGES TO THIS NOTE: This Note can only be changed by an agreement in writing signed by both the Borrower(s) and the Lender.

SIGNATURES: I agree to the terms of this Note by signing below.

THE BORROWER HAS RECEIVED A TRUE COPY OF THIS NOTE WITHOUT CHARGE.

Witnessed and Attested by:

_____ (Seal)
_____ (Seal)

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS
SMALL CITIES CDBG PROGRAM
EMERGENCY HOUSING REPAIR PROGRAM
(SAMPLE DOCUMENT)

MORTGAGE

This Mortgage is made and dated _____, 19____
between _____

(from now on called "Borrower")
and _____

(from now on called the "Lender")

The words Borrower and Lender include all borrowers and all lenders under this Mortgage. The Lender or any other holder of this Mortgage may transfer this Mortgage and the Note it secures. The word Lender includes (a) the original Lender and (b) anyone who takes this Mortgage by transfer or assignment.

NOTE: The Borrower is borrowing the sum of \$ _____ (the Principal) from the Lender. In return for this loan, the Borrower has signed a Note dated _____ (the Note).

MORTGAGE AS SECURITY: The purpose of this Mortgage is to give the Lender security for the payment of the principal under the terms of the Note. The Borrower mortgages, grants, and conveys to the Lender all of the land, buildings, and other improvements (now or in the future erected) owned by the Borrower and located at _____, in the

of _____, County of _____ and the State of New Jersey
(the property), the legal description of which is:

SUBORDINATE MORTGAGE: This property is also subject to a senior Mortgage (the First Mortgage). The First Mortgage is held by _____ and dated _____ . The First Mortgage was recorded in _____ County in Book _____ at Page _____ on _____

This property is also subject to additional liens identified at the time of the signing of this Mortgage. (If applicable, please attach information on each lien.)

MORTGAGE VOID ON FULL PAYMENT: When the Borrower pays or satisfies all amounts due under the Note and this Mortgage, the Lender's rights under the Note and secured by this Mortgage shall end.

The Borrower agrees to these terms:

1. The Borrower shall comply with all of the terms of the Note and this Mortgage.
2. The Borrower owns and has the right to mortgage the Property to the Lender. The Borrower shall defend this ownership against all claims.
3. The Borrower shall pay all real estate taxes, assessments, water and sewer charges, and other charges against the Property when due.
4. The Borrower shall pay or satisfy the principal under the terms of the Note.
5. The Borrower shall maintain hazard insurance on the Property. This insurance must cover loss or damage caused by fire and other hazards normally included under "extended coverage" insurance. It must also include other hazard coverage as the Lender may reasonably require. The insurance company, agent or broker, amounts of coverage, and forms of all policies must be acceptable to the Lender.
6. The Borrower shall keep the Property in good repair and shall not damage, destroy or abandon the Property.
7. This Mortgage is a lien of the Lender against the Property for the payment of the Note. Except for the First Mortgage and other existing liens on the Property identified at the time of the signing of this Mortgage, the Borrower shall not allow any superior lien against the Property.
8. The Borrower shall pay all payments due on all liens on the property and not violate any term of any other Mortgage.
9. This Mortgage is binding on the Borrower, his or her heirs and personal representatives.
10. All notices under this Mortgage must be in writing by personal delivery, or certified mail, return receipt requested.

11. On payment or forgiveness of the principal under the terms of the Note, the Lender shall execute a cancellation of this Mortgage.

12. The Borrower agrees to this Mortgage by signing below.

THE BORROWER HAS RECEIVED A TRUE COPY OF THIS MORTGAGE WITHOUT CHARGE.

Witnessed or attested by: _____ (Seal)

_____ (Seal)

_____ (Seal)

State of New Jersey)
County) ss.:

BE IT REMEMBERED, that on this _____ day of _____, 19____, before me,
the _____ subscriber, _____ personally appeared

and

who I am satisfied (is)(are) the Mortgagor(s) mentioned in the within instrument and thereupon signed this document. This person(s) acknowledged signing, sealing and delivering this document as (their) (his) (her) own voluntary act and deed for the uses and purposes therein expressed.

Notary Public

TO THE REGISTER OR CLERK,
County:

Record and return to:

This mortgage is fully paid and satisfied.
I authorize you to cancel it of Record.

Lender:

I certify that the Lender's signature is genuine.
